GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:569
ANSWERED ON:21.10.2008
DECLINE IN INDUSTRIAL OUTPUT
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of the production of consumer, capital and industrial goods and services during each of the last three years and the current year;

(b) whether rate of industrial growth has declined to a six year low;

(c) if so, the details of the industrial sectors registering sharp decline in production and growth rate alongwith the reasons therefor;

(d) the corrective steps taken by the Government to boost industrial growth to generate larger employment and surplus for exports; and

(e) the details of the fluctuations registered in growth rate during the last three years including the current financial year?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (e): The Industrial growths measured in terms of Index of Industrial Production (IIP) for the last 3 years and in the current year (2008-09) are given below:

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    Growth Rate (in %)
Sector/Industry  2005-06 2006-07 2007-08 2008-09 (April-August)


Capital Goods   15.8 18.2 16.9 9.2
Consumer Goods  12.0 10.1 6.1 7.8
Consumer Durables 15.3 9.2 (-)1.0 5.6
Consumer Non-durables 11.0 10.4 8.5 8.6
Overall industry 8.2 11.6 8.3 4.9
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Source: Central Statistical Organization (CSO)

The growth in the Service Sector measured in terms of Gross Domestic Product (GDP) emanating from the services was 10.3% in 2005-06, 11.1% in 2006-07, 10.8% in 2007-08 and 10.0% in 2008- 09 (April-June).

(b): Yes, Sir.

(c): The decline registered in the growth of industrial production, in terms of IIP, during April-August, 2008-09, compared with the growth in the corresponding period of the previous year, is given below:

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    Growth Rate (in %)
Sector/Industry  April-Aug 2007-08 April-Aug 2008-09


& Quarrying  4.9   4.1
Electricity  8.3   2.3
Manufacturing  10.6   5.2
Overall   10.0   4.9
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The lower growth for mining industry is mainly due to lower production of crude oil due to delay in commencement of commercial production of crude oil in Krishna Godavari Oil field, power shutdowns, environmental reasons etc. The lower growth in the Electricity generation is due to unscheduled maintenance of Thermal Power Stations, coal shortages, delay in commissioning of power generating units, shortfall in the availability of gas etc.

The manufacturing industry in a market driven economy is influenced by market-forces of supply and demand. The recent deceleration

in the manufacturing industry is due to a combination of factors such as rise in interest rates, rupee appreciation, rise in the global prices of crude oil, primary articles, metals, minerals and other inputs etc.

(d): Government has introduced New Exploration Licensing Policy (NELP) for increasing production of crude oil, and the National Electricity Policy for accelerated development of power sector including setting up of Mega power projects etc.

The Government has also put in place various policy measures to promote broad based industrial growth. This includes, inter-alia, delicensing of industrial capacity, liberalization of foreign trade regime to provide better access to inputs of competitive prices, rationalization and reduction in duty rates of customs and central excise, better infrastructure support, and liberal FDI regime, etc.

In the Budget 2008-09, the Government has reduced excise duty across the board from 16% to 14% to boost the domestic demand for the manufacturing industry. In addition, the Government has reduced excise duty from 16% to 12% in the Budget 2008-09 for Small Cars, Motorcycles, and Scooters etc. to give boost to the domestic consumer durable manufacturing industry.
The Government has introduced export policy to enhance the export which includes simplification of procedures, reduction in transaction cost, neutralization of incidence of duties on inputs used for export, facilitating development of India as a global hub for manufacturing, setting up of Special Economic Zones (SEZs) etc.